

## Specific Features of Entrepreneurial Departments Management in Russian Companies

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### ABSTRACT

The topic is considered to be relevant due to the fact that entrepreneurship is necessary for the businesses survival and development worldwide, including Russia, and today some Russian companies are adapting their economies to the more developed economic standards. The entrepreneurial format adoption is an important stage of development for possible changes and growth in the future. The aim of this research work is to analyze some approaches to the phenomenon of entrepreneurship, to determine some specific features of entrepreneurial departments, including in the context of the Russian business space, and to study specific characteristics of these departments management in Russian companies. The main methods used in the study are the theoretical materials analysis, as well as the analysis of statistical data in the study area, the method of expert judgments, the survey method. The research work included the study of Russian entrepreneurship experience, specific features of entrepreneurial departments. The specific features of the Russian entrepreneurship were identified during the own diagnostic research, as well as some entrepreneurial difficulties caused by the entrepreneurship. Identified due to this research peculiarities of Russian entrepreneurship and difficulties of this phenomenon development in the Russian business space will allow to develop the Russian entrepreneurial business model based on its specific characteristics. On the basis of the obtained data a special mechanism can be created for the support and development of intrapreneurship departments within the overall entrepreneurship management mechanism in Russian companies, where the full range of necessary organizational and economic conditions, as well as the possibilities for entrepreneurial results assessment will be presented, combined with a complete list of tools to facilitate the emergence and development of intrapreneurship in companies.

### KEYWORDS

Innovation, innovation management, entrepreneurship, entrepreneurship

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## Introduction

Entrepreneurship is the development of domestic markets and relatively small and independent units (departments). These units are designed to create

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and test new products or services on domestic markets, to improve the existing products or services within the organization, to promote innovations. The entrepreneurial units have the right to provide services as the other units in their organization (on the relationship of self-supporting), as well to go on their own with their products or services on the market outside the organization. The entrepreneurial units like any internal organizational departments require an certain control system.

Entrepreneurial departments management is a rational management of entrepreneurial entities of different organizational forms and autonomy degree, operating within the major economic objects to meet the enterprise needs and to get more profit. The advantages of the successful management of these units involve first of all the enhancing of the interest in profits, the greater market orientation, the decision-making process acceleration, the mobility improving and the motivation enhancing. Its disadvantages relate to the fact that the effectiveness may be temporarily reduced because of a partial change of functional specialization. The synergy, that existed between the departments, can disappear quickly, and the corporation evaluation from the outside world can change. However, the real practice shows that the introduction of independent economic units management really leads to greater economic growth.

The creation of entrepreneurial business units leads to greater cost-effectiveness than just any organizational operation, entailing delegation of authority and responsibilities. The entrepreneurial business units is effective only if there are departments, which have all the features of an independent enterprise. In all the cases, the purpose of these Entrepreneurial departments management is to establish the communication directly with target groups on the market. This is a problem of the organizational structure improvement of the same level as the problem of the managers and workers behavior optimization.

The effective entrepreneurial departments management and the entrepreneurship support will enable Russian companies to develop, keeping pace with advanced foreign countries.

Among the Russian firms applying the entrepreneurship there are such organizations as the company JSC «Gazprom» (Moscow), LLC «Samaratransgaz» and PJSC «Gazbank» (Samara), JSC «Rudgormash», JSC «Tyazhmekhpress» (Voronezh), PJSC «Tarkett» (Otradny), JSC «Tomsk distribution company» (Tomsk) etc.

In Russia different options of the entrepreneurship have been applied from the beginning of the market relations introduction, and not only in large but also in medium and small companies. For example, the investment company NIPEK (Eurasian Oil Industrial Investment Corporation, established in 1992 as an open joint stock company, belongs to the financial-industrial group NIPEK-Bioprocess, CEO K. Bendukidze) created a subsidiary brokerage firm NTT (with 100% participation) and several holding companies (with 100% participation) for package management for a number of privatized enterprises shares, purchased at the check auctions. The trading company «Alfa-Eco» (the Alfa Group, trade in oil and oil products, coal and coke, sugar and tea, wine, CEO A. Fayn) established two holdings for the management of the own tea-packing and sugar factories. Its subsidiary company «IRCOL», performing the depositary functions,

was formed with the share participation of the director of this company. Most financial companies in Russia form their subsidiaries – «Menatep», «Alfa Group», «Inkom», «NIPEK», «RINACO Plus», etc.

The Russian giant company PJSC «Gazprom» demonstrates some rare forms of cooperation between small and large business organizations (business incubators, entrepreneurship). Among the largest Russian gas fields there are also small ones which were not used for a long time because of their unprofitability and the concentration of the large enterprises on the "big gas" problems. As a result, significant reserves of natural resources stayed undeveloped. For selected small fields the research institutes and design offices of «Gazprom» develop concepts of their development, construction and maintaining technologies; carry out project feasibility and material and technical base studies, order the equipment (usually in block-modular design). Only after that the company decided to establish an independent small firm for the development of a gas field of with small gas reserves and to support it financially. A similar approach is used for certain fields have entered into the final phase of development.

The Entrepreneurial departments created within the large enterprise may be different in their specialization, size, number of delegated specific functions, the autonomy degree and are characterized with the following features:

- 1) the innovative nature of these departments due to the presence of:
  - a) the business idea, the basis of which can be a rationalization proposal, a technical innovation;
  - b) entrepreneur-initiator (a person who propose a new business idea which may lead in the future to the establishment of such an entrepreneurial unit).
2. Self-supporting nature of the department which provides:
  - a) the existence of agreements between the company and its internal divisions;
  - b) satisfaction of the internal needs of the company and (or) the existence of the opportunity to work in the market beyond the company to meet the needs of external clients on a returnable basis;
  - c) financial and budgetary separation of the structural divisions of enterprises.

The status of the entrepreneurial departments in the organization is also different. They can:

- have a legal personality;
- not have a legal personality, but use the rights of the organization (the part of which they are) by a proxy in the external market;
- not have a legal personality, their financial autonomy is fixed in the internal documents of the organization (for example, in accounting policy);
- not have a legal personality, their financial autonomy is not fixed anywhere.

In our opinion, the entrepreneurship has at least two important aspects: structural («hard») and behavioral («soft»). The first of these aspects includes the organizational development of joint plans, the structure design and any other components, including the financial ones which people can organize

hierarchically. In many enterprises there are no strict funding mechanisms for events which are not included in plan-budget. However, a number of industries, especially in knowledge-intensive industries, have begun to expand their research budgets for the purpose of organizational support for the entrepreneurship with funds and other resources. The behavioral aspect of the entrepreneurship covers almost all the parameters of the corporate and organizational cultures of all the management styles and the morale state which involves the creation of quite flexible internal organization for productive work aimed at creating a competitive enterprise production. In this case there is an obvious need for new approaches development to the collective work. The entrepreneurship changes the nature of the collective work strongly, making it more meaningful and productive as it focuses on the actual enterprise purposes for the creation and development of new or improved products, services, engineering and other processes.

The features of entrepreneurial departments management may be following:

1. The entrepreneurial departments must have a clear, precise goal, which will allow them to focus on pre-defined market segments and to prevent competition with each other, while at the same time, it will in no way prevent the active competition with enterprises-competitors. Besides the entrepreneurial department will be a «entire team» when it will have a competitive, compelling and concrete strategic plan.

2. There should not be no intermediate levels between the entrepreneurial departments and the senior management. The entrepreneurial departments management system is based on the contractual relationship between the business units and the management, and it simply «breaks» by the termination of the contractual relationship. Direct contacts contribute to the short lines formation of internal communication, enables the senior management to communicate directly with the entrepreneurial departments that facilitates rapid decision-making.

3. The productive entrepreneurial departments must have the necessary contract freedom. The main terms and conditions of the contracts concluded with consumers (who are served by several departments), will be drawn up by these economic units themselves. The contractual freedom is used, primarily, for the procurement and sale of goods, that means, it is necessary for external contracts. The contract freedom is also necessary for the relations establishment with the maintenance services of the enterprise itself.

4. Such important functions, such as marketing, sales, production of goods and their development should be carried out by the entrepreneurial departments as long as it is physically possible or until there are significant losses in the synergy.

At the stage of the entrepreneurial departments management the role of marketing increases which not only gives an opportunity to receive information about the market, serving as one of the data sources. Here it has the strategic importance, becoming the central point around which the entire business organization begins to build. Indeed, as soon as it becomes clear that in such a niche market there is an opportunity to make a new business or that there is a fresh idea that may bring some money, the mechanism for creating the appropriate structural unit is activated immediately which fills the market

niche or implements the proposed idea. At the same time, with the marketing organization, the company focuses not only on the «distribution» marketing strategy – it organizes its work on the basis of the new products and services development in response to different market demands. The customer satisfaction becomes the driving force that makes an organization to be very mobile and to respond to any changes quickly.

5. The same relates to the maintenance functions of logistics and quality control, and to the administrative management functions (financial management, human resource management and organizational structure of the company, management of economic affairs). Thus, the management and reward system will always need prescriptions coming from the center, but they should be implemented decentralized.

However, since the purpose of the entrepreneurial departments management is the efficiency increasing of the company's work, any mechanism of the business financial results assessment is especially important. This aspect belongs to the financial management that allows the company to predict the cash flows correctly and to the system of the management accounting which not only shows the business effectiveness or its departments but also determines those bonuses that people will get.

6. These departments should have a right for the appointment of managers and exercise a full control over those who hold other positions in the department.

7. The enterprise should have a real strategic management system.

8. The company should have a well-developed information management system, which enables to maintain the accounting system (profits and losses in each department and the accountants' staff in offices to interpret these figures). Such an information management system should also create conditions for the realization of the top management control.

An important component of the entrepreneurial departments management are information technologies. The presence of the information system allows to speed up the decision-making process in the entrepreneurial departments and to create conditions for the implementation of the top management control function in the production process of the enterprise. Besides the management should have its own information system in order to be able to supervise the departments work and their results, but not to interfere in this work. The strategic management system should take into account the views of entrepreneurs and their ideas about the future of the company. The advantages of the successful entrepreneurial departments management are the interest enhancing in the profit, the greater market orientation, the acceleration of the decision-making process, the mobility improving and the enhancing of the motivation. However, there are also some disadvantages f.e. that fact that the effectiveness may decrease temporarily because of the partial functional specialization change. The synergy that existed between the departments may disappear quickly, and the evaluation of the corporation from the outside world may change. At present, companies should remember about one necessary condition for the effective management of innovative business departments: the reliable information about the internal situation and the external environment, about the markets and their participants, about customers, partners, competitors. It is necessary to transform the company's internal information



network into the so-called Intranet based on the standards and the technologies of the Internet.

9. The synergy effect is achieved by the stimulation of the comprehensive management style which should be typical for the top management as well as by the creation of the entrepreneurial culture in the enterprise departments. The focus of the contacts between the management and the departments should be made on the strategic issues, and all these aspects require a well-developed corporate culture.

10. There should be a management system that continues working even when there are conflicts between the departments or between the departments and the central office of the enterprise.

11. The availability of resources in the right quantity and quality is also a feature of the entrepreneurial departments management. And a special resource is the entrepreneur himself.

All of these rules for the entrepreneurship implement mean that the entrepreneurial departments management should be a radical process: no partial solutions, the brave transfer of authority is needed, despite the attempts to do everything centrally. There should be no deviations in this business. The top management must also take a clear definite position in relation to the independent departments. In order to achieve the necessary structural parameters of the company synergy its strategic management, the corporate culture and the development of the principles of a 'self-exploring' organization should replace the 'old regulation' and the detailed control.

As for the management of the entrepreneurial and conventional departments in the organization, these processes are significantly different.

The Table 1 presents the analysis of peculiarities of the entrepreneurial and conventional departments.

**Table 1.** Comparative characteristics of conventional and entrepreneurial departments management in the organization

Criteria	Conventional departments management	Intrapreneurial departments management
1. The degree of the centralization	centralized	decentralized
2. The degree of the interaction with the management system	The part of this system	The cooperation with the system
3. The degree of the independence	Independent	Independent or partially independent
4. The interaction with the top management	Direct contacts	On a contract basis
5. The status	Don't have legal entity	a)have the rights of a legal entity. b)don't have the legal entity rights, but use the organization's rights in the market. c)have no legal entity rights, the financial autonomy of the

		department is fixed in the internal documents.
		d) have no legal entity rights, the financial autonomy is not fixed anywhere.
6. The dependence on the financial relations	On a general basis	On a self-financing basis

These comparison criteria reflect the management system the most completely. So the criterion №1 shows the placement, the delegating of the main management functions (planning, control, etc.) in the entrepreneurial departments and in the conventional business units these functions are realized by a single centralized authority. The criterion №2 means that the entrepreneurial departments don't belong to the organization structure directly, so they are a separate business unit which interacts on mutually favorable terms with the system. The criterion №4 demonstrates that the entrepreneurial departments are their own management and have contractual relationships with the company management. The criterion №6 shows the economic isolation of the entrepreneurial departments.

## Methods

### Research methods

The methods for the research are systems analysis, methods of expert judgments, diagnostic methods (questionnaires, interviews).

### Stages of the research work

— the first stage was implemented through theoretical analysis of existing approaches to entrepreneurship from philosophical, sociological and economic points of view; the problem, the purpose, objectives and methods of the research work were determined;

— in the second stage a diagnostic study was carried out, the set of significant features of the Russian entrepreneurship was identified and justified as well as the problems of this phenomenon development in the Russian business conditions;

— in the third stage the diagnostic work was completed, the obtained data were refined and processed, the results were summarized and systematized, tasks for further scientific work were scheduled.

## Results and Discussions

### Analysis of entrepreneurial departments in Russian Federation

By studying the entrepreneurship in Russia and abroad it should be noted that the specific features of the same phenomenon in different countries with different economies are different. These features are shown in Table 2.



**Table 2.**Comparative characteristics of the entrepreneurship in Russian and foreign companies

Russia	Foreign countries
The entrepreneurship principles are not always supported (the contract principle: one part of the profit belongs to the corporation, another part belongs to the entrepreneurial department), that leads to the separation of this department as an independent company.	The entrepreneurship is being implemented with the aim to bring big corporations more flexibility from small enterprises in some aspects.
The entrepreneurship is considered as an option of a new business with a perspective to win the market by means of the corporation.	The entrepreneurship has its theoretical and practical traditions due to the fact that it appeared in the countries with stable market economies (the USA, Germany, UK, etc.)
The introduction of the intrapreneurship usually goes «down-up».	The introduction of the entrepreneurship usually «top-down»

The introduction of the entrepreneurship «down-up» means that in Russia the initiators are often creative active people in the company, and not the top management. It doesn't reflect any national characteristics of the business, but it means that the Russian top management is not fully aware of the advantages of small businesses as a part of the big one. And in the other countries the introduction of the entrepreneurship often happens «top-down», that means the top management itself is interested in the mobility of a large corporation. It may be also explained by the competition degree among the large firms. In Russia it is known that there are not so many large companies.

In order to facilitate the transition of the Russian business on the innovation development way, and to expand the opportunities of domestic companies in the domestic and international markets, we carried out a diagnostic study of the entrepreneurship in Russia within our research work.

The main instrument of this study was a survey and selective interviews of managers and employees from different Russian enterprises. The carefully made questionnaire was sent to 200 companies. The list of respondents included the companies from the following sectors: construction, retail trade, research and engineering services, transport, banking, engineering, manufacturing, utilities, service, power generation, oil and gas industry, metallurgy. The age of the employees of the studied organizations is between 20-55 years, the number of employees from 40 to 1100 people, the annual revenue according to the data of the year 2006 is from 50 million to 2,500 million rubles. After the analysis of the completed questionnaires to do the further analysis the enterprises were selected where there are already entrepreneurial departments, and the companies which have the potential of creating them (these were 51 companies which we define as «entrepreneurial»).

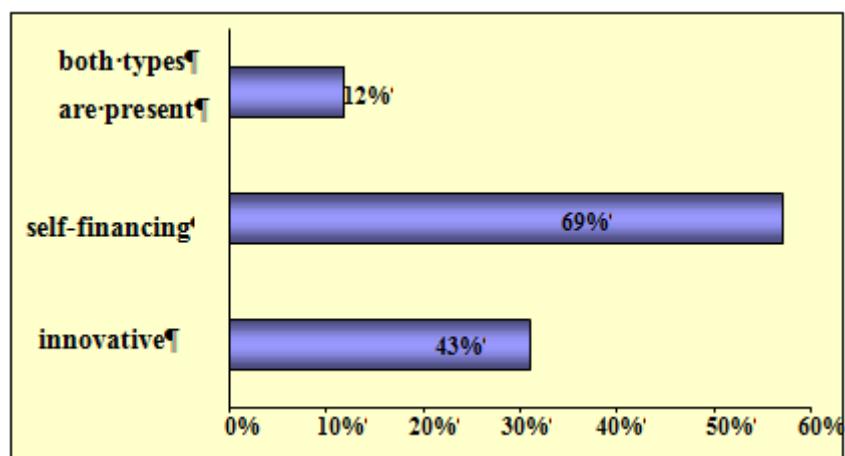
We analyzed the aggregated data from the survey. Only 31% of the respondents know the term «entrepreneurship». It is surprisingly because according to our research many organizations (53%) already have the entrepreneurial departments and they are functioning effectively. Consequently, the leaders of the domestic companies apply the entrepreneurial principles into their practical work.

In the research process the authors found out the dependence between the status of the existing entrepreneurial departments and the specific features of

the entrepreneurial relations in the organization. The departments having the status of legal entities have more freedom to choose a direction and methods of their activities, bear the full responsibility for the results of their work and use its results independent. There are 39% of such departments according to our study. There are 61% of departments not having the rights of a legal identity, and 18% of them use the organization's rights by proxy in the foreign market (being a part of this organization), their financial autonomy of 20% of the investigated departments is fixed in the internal documents of the organization (e.g. in the accounting policies).

The number of the entrepreneurial departments in the enterprises is quite different. Only one entrepreneurial business unit exists in 13 of 35 organizations that use some principles of the entrepreneurship in their management process, 10 companies have more than three effectively functioning entrepreneurial departments, there are more than, and in 12 firms this number varies from one to three.

Almost all of the 51 companies have some preconditions for the emergence and the development of the entrepreneurship. For example, in many organizations there are departments or small firms with innovative(43%) or self-supporting (69%) activity character. It means there is a potential for the development of an entrepreneurial department in the organization, if the appropriate conditions are created and the principles of the corporate entrepreneurship are implemented in the process of the enterprise management(figure 1).



**Figure 1.** The presence of a department or a firm in the organization that meet one of two requirements: 1)the innovative character of the activities;2)the self-supporting character of the activities

Analyzing the scientific literature in the research process we also found out two interesting approaches to the entrepreneurship. From the point of view of the first approach the concept of the entrepreneurship is mainly associated with people implementing innovations in the organizations where they work. The scientists, who adhere to this direction, can be also divided into two groups. The first group considers the entrepreneurship as a combination of psychological

characteristics and personal qualities C.T. Colin (1999), G. Pinchot (1999). Although this is not always clearly seen in their works, but many authors believe that the psychological qualities of entrepreneurs and entrepreneurs are quite similar, despite the fact that the spheres, where they operate, are different. The second group of scientists L. Ronnie (1998) focus on the role and functions of entrepreneurs and call them «visionaries», «drivers of changes», intra-company entrepreneurs and «champions of innovations». The second approach to the interpretation of the entrepreneurship concept (identified from scientific articles) is connected with the intrapreneurial process, factors influencing its emergence and some necessary conditions for it. Some authors f.e. C. Carrier (2003), S.I. Ashmarina & G.R. Khasaev (2015) using this approach consider the entrepreneurship as an organizational method characterized by the factors of freedom and autonomy, which are necessary for generating innovative ideas. Also these ideas were discussed in the works of Ashmarina et al. (2015; 2016).

The opinion of respondents on this issue is also very important for us. The companies (where according to the results of our study entrepreneurial departments already exist) took part in the interviews on a voluntary basis. For the analysis the following organizations were represented:

- Nakhodka shipyard (ship repair and shipbuilding);
- LTD«RN-service» (service for oil and gas refineries);
- PJSC«SANEKO» (oil production and refining);
- TARKETT(flooring manufacturing);
- JSC «Territorial generating company №9» (production, transfer and realization of thermal and electrical energy);
- JSC «Tomsk distribution company» (transmission and distribution of electricity).

We got the permission to interview the employees of the entrepreneurial departments of these companies. The survey participants discussed the following topics:

- Factors that influenced the emergence of entrepreneurial projects;
- the motivation to be involved in the entrepreneurial project;
- -the psychological characteristics and personal qualities of the entrepreneur.

The main function of the analysis was heuristic, because its main aim was to identify and to understand the vision of the research object by each participant of the survey. The interviews were organized so that the interviewees were able to describe and make up their ideas about the object of our study.

As a result we found out 2 major categories of factors contributing to the emergence and development of the entrepreneurial principles in the enterprise: factors influenced by the enterprise management peculiarities and the motivation factors (table 3). The first group of factors facilitates the development of corporate entrepreneurship system, at the same time the second group of factors encourages managers to support and stimulate the development of the entrepreneurship. The factors of the second group in all these organizations are not well developed.

**Table 3.** Factors encouraging the entrepreneurship development

Factors associated with the peculiarities of the organization or its management style	1) the simplicity of the organizational structure; 2) the simplicity of the entrepreneurs selection of the total number of employees; 3) the ability of the top management to trust the subordinates and delegate authority to them; 4) the right of employees to make a mistake.
Factors associated with the motivation of the enterprise executives and managers	1) factors related to the requirements and limitations of the enterprise environment; 2) factors related to the perception of an employee as a entrepreneur and his/her ability to the entrepreneurship; 3) factors related to the goal of the company's growth and development; 4) factors associated with the production and management problems.
Personal entrepreneurs motivation factors	1) factors associated with the entrepreneur personal it; 2) factors associated with the entrepreneurial activities reward; 3) factors associated with the experience and career objectives.

The first group of factors is related directly to the company's organizational structure. The simplicity of the organizational structure consists of the ideas exchange promotion and the more personal contact between the management and the company's employees. That's why it is easier for the entrepreneurs to promote their ideas without having to go through many steps of the company's hierarchy. The second factor from the 1st category is a consequence and lies in the simplicity with which potential entrepreneurs can achieve the recognition. This process development is facilitated by the simplicity of the organizational structure and therefore by the lower formality level. Two other factors are related directly to the company's management style.

Personal motivation factors of the company's managers were divided into 4 main groups, which are shown in table 3 and arranged in ascending order of their importance. The first group includes motivation factors related to the requirements and limitations of the company's external environment, and includes, for example, the desire to learn new market segments, to emphasize the existing competitive advantage and to develop new markets. The latter aspect is entirely dependent on the willingness of the top management to withstand the environment of the company and the competitive environment in which it operates. As the table shows, this motivation factor is on the top of the list.

The second group comprises motivation factors associated with the employee perception as a person who has all the characteristics necessary for the entrepreneurship, and the ability to create innovations within the existing organization. In most cases, the owners (top managers) are more motivated to encourage the entrepreneurship, if they believe that there are people who are able to play an active role in their company.

The third group includes factors associated with the company's growth objectives. It is interesting that all the surveyed entrepreneurs have a clear and accurate picture of the desired path of their businesses development in the next

3-5 years. By this aspect we have to take into account the fact that many researchers have described a rather informal aspect of strategic planning in small enterprises. However, the vision of the head can be both precise and vague. For example, some of the directors (from our study participants) tried to penetrate deeper into the Russian market, the others believed that the creation of new departments would expand and diversify the company's activity in the whole.

The fourth group includes motivation factors which are more specifically related to the management, production and marketing problems that managers face in their business. It includes, for example, the desire to simplify complex operations, to avoid certain organizational problems, to increase the overall flexibility of the enterprise, to monitor and to improve the production and the product quality, to reduce the tax burden of company, as well as the top management need for the support and assistance in the anticipation of the company's further development.

In the opinion of the interviewees, the personal motivation of the entrepreneur mostly depends on his personal characteristics and on the actual life situation and includes factors related to his temperament, personality, gathered experience and individual goals of the career building, as well as the existing or future entrepreneurial awards that represent some value for him. It is also necessary to consider the motivation factors related to experience and career goals. Two of the respondents among the entrepreneurs were entrepreneurs hoping to repeat this experience in the future. The others considered their current situation as a springboard or an intermediate step on the way to becoming entrepreneurs. All this, together with the reward question, emphasizes the importance of the entrepreneurs support and assistance. It also means the need to investigate new ways of working with them, and maybe even the creation of new and more challenging forms of partnership that will help to maintain the entrepreneurial spirit in the firm. Obviously, the entrepreneurs of small organizations tend to leave their former working places, if their expectations are not met, becoming in this case competitors to their former employers. This is more typical for those market segments where market entry barriers are lower and the competition is not so much developed. Large companies are often able to maintain a businessman going away in order to create their own business, if it does not significantly affect the activity of the organization, it is different in small businesses where there is a problem of limited resources.

The motivation factors shown in table 3 should be combined and expanded, which enables to select the most appropriate ways and methods for the executives to encourage the entrepreneurship and for the employees to participate in it.

Due to this study it became clear that small and medium-sized enterprises, adhering to growth strategy, have favorable conditions for the entrepreneurship development, in case the entrepreneurs offer projects that will strengthen the competitive position of the company. However it must be remembered that small firms, which are not focused on the growth, can also benefit from using the innovations created through the entrepreneurship. How does the entrepreneurship develop? Is it created deliberately by the owner-manager? Does the emergence of the entrepreneurship lead to the development of specific

strategic approach by the owner-manager? All these questions are very important for us. In some cases the entrepreneurship may appear even by itself without any research or promotion. It can be as an «intentional» as well an «appearing» strategy, depending on the circumstances (Morris, 2007).

It may seem surprising that the majority of the investigated companies has a deliberate strategy for the entrepreneurship development. But we should remember that in each case the strategy was preceded by a positive recognition of the innovator in the enterprise, and therefore it can be regarded as the result of the previous mutual regulatory process. In all the cases, the owners-managers and the entrepreneurs had time to learn about their existing abilities for the cooperation. In most cases, the innovation process means a stimulus for the strategic process implementation by the owner-manager. In this case the strategy does not create the entrepreneurship, but it aims to develop the innovative spirit in the organization. We can say that the strategy is accidental, not intentional.

### ***The difficulties of entrepreneurial departments development in Russian companies***

After the interviews we carried out a test «The Entrepreneurship Level Assessment» among the employees of the organizations. This test is to assess the qualities and skills necessary for the entrepreneurship. With several employees with the brightly highlighted entrepreneurial qualities and skills and their line managers we spoke on the theme of the so-called entrepreneurial difficulties.

The scientific literature analysis and the parallel study of the investigated companies enabled us to collect and classify the information and to find out the following categories of business difficulties.

#### ***The managerial support***

— The managers policy in the field of innovations is not stable enough: this policy influences mostly the number of new ideas. The authors of the ideas just recorded and do not represent them, because they thought the manager would not accept their ideas. Another typical situation is when the idea is embodied, but the author is not involved in new activities, he /she is ignored, and the idea is just borrowed by the manager.

— The managers are resistant to changes: the majority of the most experienced managers, accustomed to being in usual conditions, and the managers who have a psychological risk aversion, show less flexibility to the changing company's environment. This is one of the factors hindering the creativity development in the organization. Some specialists spend too much time convincing the manager to conduct the proposed changes in the enterprise. In some cases it leads to a temporary increase in the idea realization or reduces the desire to embody the idea at all.

— The lack of the employees awareness about the possible support from the managers: it happens because the workers do not represent their ideas. According to the study, in some departments the specialists who are aware of the managers support, shared their ideas and thus there was a possibility of the idea realization in the future.

— The managers mistakes by giving workers the authority: in the studied



cases the methods of the tasks realization in the departments have been often set in advance, and the workers had no right to comment on these methods or to prioritize the tasks.

### **Awards**

— There is a lack of teamwork assessment and the risk acceptance in the structure of the proposals system: according to this system rules the award for the employees innovations or their participation in the entrepreneurs team is not provided sometimes.

— The lack of the attention to the organization and its members needs: according to the individual characteristics of the entrepreneurs the results achieving, the independence and the growth are the best motivation for them.

— The late award: the reward must be no delayed. In this case, the promotion stimulates the employee's creative potential growth.

### ***The organizational conditions***

— The lack of time for the reflection by the employee: in the entrepreneurial organizations the working time of the organization members is spent not only on the fulfillment of the immediate problems, but also on the creation of own projects in addition to their regular work. In most cases they do not have enough time to work on the new ideas. This, of course, hinders the entrepreneurship in the organization.

— The centralization: by the rigid centralization of the management decisions process the employees proposals may be lost or forgotten in the organizational hierarchy.

— Too many rules for the idea implementation: if the formal conditions for the entrepreneurial process implementation are increased because of to a great number of rules, this will be the main reason for the delay of the new ideas implementation.

— The inaccessibility of the information: one of the factors that slow down the establishment and the consistent implementation of entrepreneurial ideas is the unavailability of timely information to all employees.

— The inadequate position of employees: people are often placed in the position which does not match their abilities. Changing the organizational position of the employee his possibility of generating ideas is also changing.

— The previous experience has not been studied (the reasons for the success or failure of a previous project are not clear): the organizational learning is an organization's ability to learn through its own or other organizations' success or failure experience.

— No special budget for the implementation of small, creative and innovative pilot schemes: the entrepreneurial activities tend mainly to consume resources, so that the financial resources must be available and easily accessible. The absence of a special budget for this purpose makes the author of the business idea spend too much time and energy, gaining access to these resources.

— No practical tool for assessing the entrepreneurial results and

opportunities for their analysis and forecasting, as well as for the assessment of the relationship between the entrepreneurial projects profitability and other indicators of the enterprise departments activity.

— In the survey, which was carried out during the study, about the half of the specialists had a potential to become entrepreneurs, but because of the lack of necessary knowledge in this field or inappropriate organizational conditions, they will never do it.

#### ***The procedure of the presentation and implementation of the proposal (a business idea, a rationalization proposal, etc.)***

— The procedure algorithm of the presentation and the implementation of proposals in most organizations is not elaborated and is not registered.

— The complex process of the proposal research makes the idea generator wait too long to get a response from the system (it's also one of the problem of the proposals system): the fact that the idea passes through many filters until it finally reaches any official results. This complex process of the ideas research restricts the relationship between the idea author and specialists who study this idea. Because of this the proposals study process is slowed down so that the author would prefer to give up this idea or to realize it with other authoritative organization's face.

— The incomplete implementation of existing in the organization regulations and procedures for the proposal implementation (a business idea, a rationalization proposal, etc.).

Despite the identification of possible entrepreneurial difficulties, in general, according to the respondents' opinion, the entrepreneurship can have a beneficial effect on the growth and profitability of the firm. Companies that cultivate organizational structures and values that promote the entrepreneurial activity and that are oriented to the entrepreneurship have a rather high growth and profitability than companies with lower entrepreneurial features. The open and qualitative communication, the existence of formal management elements, the intensive examination of the company's environment, the organizational and administrative support, corporate values – all these aspects help the organizations to become more entrepreneurial. The entrepreneurial organizations are involved in new business projects, they are innovative and proactive, can constantly update themselves.

#### **Conclusion**

Our society may have many potential entrepreneurs, but only few of them become successful and manage to maintain sustaining growth of their companies. The government needs to establish policies, standards and infrastructure that promote and support companies involved in the entrepreneurial activities. This government support for the entrepreneurship is perhaps even more important than just the support for individual leaders of independent internal entrepreneurship. The company's environment (the dynamism, technological opportunities, the demand for new products or services, the competition) and its internal characteristics (the quality of the communication, formal management elements, the intensity of the environment analysis, the organizational support, values of the organization, the



management and employees' attitude to the competitive spirit and new ideas) will also affect the entrepreneurship. Our study was subjective and explanatory character in the context that it was designed to identify some individual perceptions of the survey participants to analyze the phenomenon of the entrepreneurship.

### Implications and Recommendations

The data of this article may be used as by the government agencies and by some special funds, engaged in the support and the development of the entrepreneurship in Russian conditions, as well by the entrepreneurs themselves in order to build and develop the corporate culture of their own companies.

### Disclosure statement

No potential conflict of interest was reported by the authors.

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